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SUBJECT: MEDIA REPORT -- GOVERNMENT-OWNED NEWSPAPER
COMPANY SUSPENDED FROM STOCK EXCHANGE

1. The Zimbabwe Stock Exchange (ZSE) has suspended Zimbabwe's largest newspaper and publishing company, the government-controlled Zimbabwe Newspapers (Zimpapers) Group. The company, publishers of "The Herald" and five other titles, was suspended on Monday, July 2 for violating the bourse's regulations. The Government of Zimbabwe owns 51 percent of Zimpapers shares and exercises tight editorial control over the company's newspapers.
2. According to ZSE chief executive officer Emmanuel Munyukwi the suspension is the result of Zimpapers' failure to hold an annual general meeting (AGM) and submit an audited financial statement. Munyuki said the suspension was to "safeguard the shareholders."
3. A Zimpapers spokesman said the delay in producing an audited financial statement and presenting it to shareholders was due to "capacity inadequacies." He also blamed a disagreement between Zimpapers and its auditors over whether to use the official (Z\$55=US\$1) or parallel (Z\$650=US\$1) exchange rate in assessing the burden of Zimpapers' 500,000 British pound debt to an UK-based computer company. The spokesman said that these problems would be resolved and the company's shares would be trading again by July 5.
4. Comment: Zimpapers' unaudited financial report was published in May to great fanfare in the government-owned newspapers. The unaudited report showed a \$230 million profit in 2001 in the wake of a \$71 million loss in 2000. Given the continuing decline of both circulation and advertising among government-owned papers, the upbeat May financial report raised questions. Zimpapers' explanation of its suspension from the ZSE answered some of those questions. End comment.

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